

Fleming County Water Association

P. O. Box 327 • Flemingsburg, KY 41041

"We Are A Equal Opportunity Employer"

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February 2, 2004

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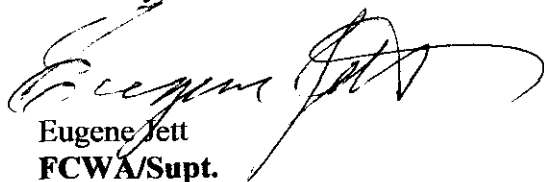
Public Service Commission
Attn: Thomas Dorman
Executive Director
P.O. Box 615
Frankfort, KY 40602-0615

Re: Case No. 2000-00475

Dear Mr. Dorman:

Please find enclosed our last audited financial statements for the years ended December 31, 2002 and 2001. If these documents are not sufficient, please advise. Again, I apologize for inadvertently overlooking this matter.

Sincerely,


Eugene Jett
FCWA/Supt.

EJ/ww

(Encls. 4)

J. E. Smith, Jr., President
Kenneth C. Wagoner, Vice President
Wayne Craft, Secretary

Kirby Story, Treasurer
F. L. Hinton, III, Director
"Chuck" Marshall, Director

FLEMING COUNTY WATER ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

ASSETS	<u>2002</u>	<u>2001</u>
<u>CURRENT ASSETS</u>		
Cash	\$ 251,392	\$ 359,870
Debt Service Reserve	155,689	136,616
Prepaid Insurance	6,261	5,741
Accounts Receivable	127,446	121,574
Inventory	72,241	39,301
<u>Total Current Assets</u>	<u>613,029</u>	<u>663,102</u>
 <u>PROPERTY AND EQUIPMENT</u>		
Property, Plant & Equipment	<u>8,573,791</u>	<u>8,252,223</u>
<u>Total Property, Plant and Equipment</u>	<u>8,573,791</u>	<u>8,252,223</u>
Less: Accumulated depreciation	<u>(1,973,121)</u>	<u>(1,796,987)</u>
<u>Net Property, Plant and Equipment</u>	<u>6,600,670</u>	<u>6,455,236</u>
 TOTAL ASSETS	 <u><u>\$ 7,213,699</u></u>	 <u><u>\$ 7,118,338</u></u>

The accompanying notes are an integral part of this statement.

FLEMING COUNTY WATER ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

LIABILITIES AND NET ASSETS

	<u>2002</u>	<u>2001</u>
<u>CURRENT LIABILITIES</u>		
Accounts Payable	\$ 39,053	\$ 54,165
Accrued Taxes	9,467	8,386
Customer Deposits Payable	24,995	20,808
Accrued Interest Payable	50,780	52,115
Current Portion of Long-term Debt	<u>61,778</u>	<u>68,143</u>
<u>Total Current Liabilities</u>	<u>186,073</u>	<u>203,617</u>
<u>LONG-TERM DEBT</u>		
Long-Term Debt, less current portion	<u>2,730,670</u>	<u>2,781,680</u>
<u>Total Liabilities</u>	<u>2,916,743</u>	<u>2,985,297</u>
<u>NET ASSETS</u>		
Unrestricted net assets:		
Fixed assets (Tap-Ons)	1,353,715	1,308,515
Federal Grants in Aid of Construction	2,571,501	2,571,501
Operating	<u>371,740</u>	<u>253,025</u>
Total unrestricted net assets/		
Total net assets	<u>4,296,956</u>	<u>4,133,041</u>
	<u><u>\$ 7,213,699</u></u>	<u><u>\$ 7,118,338</u></u>

The accompanying notes are an integral part of this statement.

FLEMING COUNTY WATER ASSOCIATION, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

	<u>2002</u>	<u>2001</u>
UNRESTRICTED NET ASSETS		
OPERATING INCOME		
Water Operating Revenues	\$ 1,157,381	\$ 1,103,069
Other Service	18,057	17,473
Other Sales	<u>32,664</u>	<u>30,139</u>
TOTAL OPERATING INCOME	1,208,102	1,150,681
OPERATING EXPENSES		
Salaries	212,751	198,579
Benefits	57,257	42,308
Taxes	17,766	16,841
Fuel for Power Production	9,640	9,010
Materials and Supplies	49,583	72,922
Contractual Services	6,250	6,964
Utilities and Telephone	2,671	10,017
Advertising	141	400
Transportation Expense	17,945	12,335
Purchased Water	389,628	366,979
Insurance - General	17,878	13,267
Miscellaneous	<u>10,426</u>	<u>8,977</u>
OPERATING EXPENSES	<u>791,936</u>	<u>758,599</u>
OPERATING INCOME BEFORE DEPRECIATION	416,166	392,082
DEPRECIATION	<u>176,134</u>	<u>173,546</u>
OPERATING INCOME	240,032	218,536
NONOPERATING INCOME (EXPENSES)		
Interest Income	9,754	21,143
Interest Expense	(138,421)	(141,851)
Utility Relocation Income	60,709	246,927
Utility Relocation Expense	(53,359)	(257,723)
Gain on Sale of Assets	<u>1,525</u>	<u>1,525</u>
INCREASE IN NET ASSETS	118,715	88,557
NET ASSETS, beginning of year	<u>253,025</u>	<u>164,468</u>
NET ASSETS, end of year	<u><u>\$ 371,740</u></u>	<u><u>\$ 253,025</u></u>

The accompanying notes are an integral part of this statement.

FLEMING COUNTY WATER ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

CASH FLOW FROM OPERATING ACTIVITIES	<u>2002</u>	<u>2001</u>
Change in unrestricted net assets	\$ 118,715	\$ 88,557
Adjustments to reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	176,134	173,546
Gain/(Loss) on Disposal of Property	-	(1,525)
Decrease (Increase) in Current Assets		
Accounts Receivable	(5,872)	(11,704)
Prepaid Insurance	(520)	904
Inventory	(32,940)	(9,389)
Increase (Decrease) in Current Liabilities		
Accounts Payable	(15,112)	15,449
Taxes Payable	1,081	663
Accrued Interest Payable	(1,335)	(296)
Customer Deposits	<u>4,187</u>	<u>1,384</u>
CASH PROVIDED BY OPERATIONS	<u>244,338</u>	<u>257,589</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Disposal Of Fixed Assets	-	9,601
Purchase of Fixed Assets	<u>(321,568)</u>	<u>(538,461)</u>
CASH USED BY INVESTING	<u>(321,568)</u>	<u>(528,860)</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash (Used) or provided by:		
Retirement of Note Principle	(57,375)	(55,430)
Customer Contributions	45,200	49,599
Grant Proceeds		321,500
Proceeds from Issuance of Long-Term Debt	<u>-</u>	<u>-</u>
CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(12,175)</u>	<u>315,669</u>
NET INCREASE (DECREASE) IN CASH	(89,405)	44,398
CASH AT BEGINNING OF PERIOD	<u>496,486</u>	<u>452,088</u>
CASH AT END OF PERIOD	<u>\$ 407,081</u>	<u>\$ 496,486</u>
SUPPLEMENT DISCLOSURE OF CASH FLOW INFORMATION:		
Cash Paid During the Year for:		
Interest	<u>\$ 138,160</u>	<u>\$ 141,218</u>

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